



COUNCIL FOR MEDICAL SCHEMES

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ADMINISTRATORS OF MEDICAL SCHEMES  
MANAGED HEALTH CARE ORGANISATIONS  
ALL OTHER INTERESTED PARTIES**

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Reference / Verwysing: 29/B

Date / Datum: 24 October 2001

## **CIRCULAR LETTER 20 OF 2001**

### **COMMENTS INVITED ON REVISED PROPOSED ACCREDITATION REQUIREMENTS FOR ADMINISTRATORS OF MEDICAL SCHEMES**

Appended hereto, please find the revised proposed requirements for accrediting administrators of medical schemes for any comments or representations you may wish to make **within a period of 21 days**.

The comments provided by the industry on the earlier draft were considered and we have since held discussions with industry representatives appointed by administrators to pursue the matter and to produce the results contained in this document.

This document is also available on the website of Council under [www.medicalschemes.com](http://www.medicalschemes.com)

Any comments could be addressed for the attention of :

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Kind regards

**HEAD: REGISTRATION AND ACCREDITATION**

## **REQUIREMENTS FOR ACCREDITATION**

### **OF ADMINISTRATORS**

#### **Relevant Provisions**

**Section 58 of the Medical Schemes Act & Chapter 6 of the Regulations**

#### **1      Introductory Note**

The object of accrediting persons involved in the administration of medical schemes is to promote institutional safety and soundness of medical schemes. Although it is recognised that the administration of a medical scheme encompasses much wider functions, the following general areas of administrative functions have been identified as of critical importance for which persons fulfilling these functions must be accredited (and in the case of a scheme fulfilling these functions itself, meet the accreditation requirements):

- Maintenance of member records
- Maintenance of contributions
- Claims and benefit payment services
- Debt management services
- Enquiry services
- Financial services
- Data management

It must be stated that identifying these specific areas of administrative functions does not in any way detract from the importance of other administrative functions that are required in respect of a scheme or that accreditation of persons fulfilling these functions on behalf of a scheme absolves the trustees of a scheme of their duty to properly manage/ensure the proper management of a scheme.

## **ACCREDITATION REQUIREMENTS**

### **1. Domicilium & compliance measurement**

- 1.1 The principal place of business of the administrator must be in South Africa.
- 1.2 The organisation must conduct the business of *bona fide* administration of medical schemes and not as an agent or intermediary.
- 1.3 It must have the required skills and infrastructure to deal with the complexity and number of schemes under administration.
- 1.4 It must comply with the provisions of the Act and the Regulations published thereunder.
- 1.5 A preliminary audit is to be carried out on prospective administrators by approved scheme auditors.
- 1.6 To the extent that administrative functions are performed as contemplated in the first column of Annexure B, the administrator must be capable of complying with the corresponding standards of delivery in that annexure.

### **2. Sub-contracting of administration services by an accredited administrator**

- 2.1 The administrator must fully declare all co-administration or sub-contracting arrangements/ agreements between the organisation and other entities and provide copies of such agreements.
- 2.2 Payment for services forming part of specified functions which are co-administered and/or sub-contracted by the administrator, should form part of the agreed administration fee paid by the medical scheme concerned to the administrator. No additional fee should be charged to the scheme.
- 2.3 There must be a provision for sub-contracting in the administration agreement between the scheme and the administrator. The ultimate

responsibility for the performance of administration functions vests with the administrator which contracts with the scheme concerned.

2.4 The subcontractor must similarly comply with these provisions and be accredited within the meaning of the definition of “administrator” in the Act.

2.5 Accreditation of a subcontractor may be limited to specified duties.

**3.** Any person providing the following services (whether contracted out or in-house) in respect of a scheme must employ an integrated process and system which, in terms of the Act, the relevant scheme rules and all other applicable laws, adequately deals with:

**3.1 Maintenance of member records**

3.1.1 Registration, maintaining/updating membership records

3.1.2 Issuing of membership cards and certificates of membership

3.1.3 Income tax information for members

**3.2 Maintenance of contributions**

3.2.1 Preparation of billings / membership schedules where applicable

3.2.2 Timeous collection and reconciliation of contributions

**3.3 Claims and benefit payment services**

3.3.1 Receipt and verification of all claims

3.3.2 Payment of valid claims

3.3.3 Payment of contracted fees to providers(where applicable)

3.3.4 Appropriate communication as prescribed in the event of claims being queried or rejected

3.3.5 Providing adequate claims advice statements

3.3.6 Provision of (basic) fraud detection services

**3.4 Debt management services**

- 3.4.1 Member debtor management and suspension / termination as provided for in relevant scheme rules and guidelines laid down by the trustees/audit committee
- 3.4.2 Contribution schedules, timeous accounting, reconciling and reporting of collections
- 3.4.3 Age analysis of claims settled and turnaround times

### **3.5 Customer & provider enquiry services**

- 3.5.1 To provide appropriate facilities and staff to manage all enquiries
- 3.5.2 Records must be maintained of all enquiries made and the administrator response thereto including turnaround times.

### **3.6 Financial services**

- 3.6.1 Opening and maintaining bank account in name of the scheme
- 3.6.2 Depositing of scheme moneys as prescribed
- 3.6.3 Allocation and maintenance of accounts including savings
- 3.6.4 Detailed current management accounts and reports in required format
- 3.6.5 Verifying and effecting contracted payments

### **3.7 Data management**

- 3.7.1 A disaster recovery programme is in place
- 3.7.2 Measures are in place to ensure that the system complies with international retrieval capacity practices
- 3.7.3 The operational aspects of systems employed must comply with audit requirements as may be determined
- 3.7.4 All right title and interest in data and personalised information pertaining to the scheme being administered in terms of the administration agreement and any managed care arrangement, rests at all times in the scheme and the administrator has no claim of any nature in and to such data.

3.7.5 The Administrator will take such steps as may be required to protect the confidential nature, integrity and assignment of data as far as it relates to the scheme under administration.

3.7.6 Statutory returns

## **THE BUSINESS DATA**

The data remains the property of the Scheme and copyright vests in the Scheme. The Administrator will take such steps as may be required to protect the confidential nature, copyright and assignment of data as far as it relates to the scheme under administration. The data shall be kept and disclosed as per industry norms and standards and as may be required from time to time.

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| <h3><b>The following serve as a guide:</b></h3> |
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#### 1. **EMPLOYERS (Including subsidiary/associated entities)**

Full details of each employer participating in the scheme including the following:

- Full name of the employer.
- Address details, both physical and postal.
- Names and contact details of relevant contact people within the employer.
- Employer to be coded and provision to be made for subsidiary codes within each employer group to cater for branches, subsidiaries, continuation members, etc.
- Date of admission and, where applicable, date of exit from the scheme, of the Employer or any of its subsidiaries or sub groups.

#### 2. **MEMBERS**

- Employer Group Codes.
- Medical Scheme Membership Number as well as the Identity Numbers of the member and his dependants.
- Full name, initials and surname of the Principal member and each registered dependant (Note: Each member and dependant to be coded in such a manner as to permit the tracking of claims per beneficiary).
- Date of birth of each member and dependant.

- Gender of each member and dependant.
- Relationship of dependant to member, e.g. spouse, child, aged parent, etc.
- Date of admission to Scheme in respect of each member and dependant.
- Date of exit from Scheme, where applicable, in respect of each member and dependant.
- Details of option, if applicable, which members and dependants participate in.
- Details of salary or income bands for contribution purposes, where applicable.
- Monthly contributions payable in respect of the member family.
- Member's physical address (*domicilium citandi*), postal address and contact details.
- Details of any waiting periods imposed on entry to the scheme.
- Details of any special transactions on behalf of the member or dependant, e.g. confirmation of hospital admissions, records of correspondence and telephonic enquiries, queries, etc.
- Details of prior scheme membership, late joiner status and late joiner penalties imposed.

### 3. **CLAIMS**

The following claims data should be maintained in the system for each beneficiary.

- Each claim should reflect the date of receipt and should have a unique reference number which is entered on the system.
- Each claim in the system to include the membership number and, where applicable, dependant identification.
- Receipt date, processing date and date of payment for each claim.
- Date of service.
- BHF or other generic code per line item.
- Provider's name and practice number.



- Provision to be made for diagnostic codes when they become applicable.
- Amount charged by provider for each line item, BHF or cost amount applicable and benefit awarded.
- Details as to whether a benefit has been paid direct to a provider or to the member. Where direct payment has been made in excess of the benefits allowed, amounts owing by the member must be calculated and reflected.
- Where a benefit has been modified, for example, by imposition of a maximum, a levy or a limit, or if a benefit has been disallowed, an explanation by way of code or other means should be reflected on the claims record.
- Where a claim has been adjusted after assessment or payment, full details of the adjustment must be shown. Where the adjustment results in a debt due by the member, details of the amounts owing must be calculated and reflected.
- The system should indicate whether the claim was submitted by the member, the provider or via some other agency.
- Total of claims for limits.

#### 4. **GENERAL**

All the data described above should be capable of being linked so as *inter alia* to provide:

- Membership Cards.
- Payments towards prescribed minimum benefits.
- Contribution Schedules and control over collections including reconciliations.
- Debtors Schedules and control over collections including reconciliations.
- Timeous settlement of all claims.
- Claims advices to providers and members.
- Information to deal with member and provider enquiries.

- Income tax information for members.
- Financial reporting.
- Statutory data for return to the Registrar of Medical Schemes.
- Analyses and Reports – Demographic, by member, by employer, by provider, by age of member or dependant, by tariff or category of benefit, etc.
- Administrative Performance. Establishment of quality criteria and supervision thereof.
- Budgets and assessment of benefit revisions.
- Provision of year-end audited accounts.
- Audit trails.
- System and claim checking, for example, duplicate payments and general compliance with the rules of the scheme.
- Analyses and reports by date of service as well as date of payment.
- Analyses and reports of costs per member per month by date of service as well as date of payment.
- Accurate analyses and reports of the number of members and dependants participating in the scheme each month. In this regard the system must allow these figures to be updated where arrear adjustments are made.
- Analyses and reports showing key indicators such as the number of admissions to hospital per thousand beneficiaries, number of consultations by general practitioners and specialists per thousand beneficiaries, the incidence of caesarean sections per scheme population covered and the like. All reports must be capable of drilling down to different levels for example, by employer group, by paypoint, by provider, etc.
- Analyses and reports of telephone calls received and made and written enquiries addressed to the scheme or the administrator on behalf of the scheme.

## **THE ADMINISTRATION AGREEMENT**

### **Explanatory note:**

It is essential that the Board of Trustees represents the Scheme in signing the agreement as contracting party. Consequently, this authority, including the names of the persons designated to sign the agreement should be documented in a formal minute of the Scheme and must include the Chairperson, Principal Officer and one trustee duly appointed. The agreement comprises 3 sections: 1 Basic provisions

2 Services to be supplied by the administrator (Annexure A)

3 Service levels for compliance by administrators (Annexure B)

### **Basic provisions: Contents:**

#### **1 Definitions/ Interpretations**

Act; administrator; auditors; beneficiary; benefit options; BHF; Board; claims; contributions; days means working days; effective date/ date of commencement; employer; fee, the remuneration of the administrator as provided for in terms of the agreement; member; members' portion; rules; services; this agreement includes all the Schedules thereto;

#### **2 Preamble**

It is recorded that XXX carries on business as a medical scheme and provides health care services to its registered members and their dependants.

The administrator carries on business as a medical scheme administrator.

XXX has agreed to appoint the administrator to provide the services to XXX upon the terms and conditions of this agreement.

The parties wish to record their agreement in writing.

#### **3 Appointment of administrator**

XXX hereby appoints the administrator on the terms and conditions of this agreement to provide the services to XXX

The administrator hereby accepts such appointment.

#### **4 Duration of agreement**

Duration and conditions of appointment, notice period for termination of contract. Council regards a 3 year term agreement to be reasonable whereafter it should be reconsidered based on compliance with service levels.

#### **5 Duties of the administrator**

This is a brief synopsis of the duties of the administrator. Deals with how the affairs of the members will be dealt with, for example, it should conform to acceptable standards of administration of medical schemes.

## 6 **Services to be supplied by administrator**

All services provided should be itemised in main agreement or in an annexure thereto.

## 7 **Obligations of the scheme**

### Remuneration

- How is administration fee calculated & how and when is it payable? Is it a fixed amount or a rate per member per month. It is required that admin fees are calculated on contributions collected as opposed to billings/invoicing. There should be a proper reconciliation of fees paid.
- Annual review of administration fee - specify how it is calculated e.g. is the cost escalation calculated using medical inflation or CPI or negotiated.
- Provision for review of administration fee due to unforeseen circumstances, for instance due to unspecified work performed.
- Specify calculation of fee during winding down or amalgamation of scheme eg. X% of value of claims processed.
- When reviewing the administration fee, the process should afford the parties to negotiate in terms of evaluating the performance by the administrator and/or to re-consider the service levels.
- Determination of the fee structure for research and advisory services provided to the scheme.

**Example:** "In consideration for the rendering of the services to XXXMedical Scheme in terms of this agreement, XXX agrees to pay to the Administrator an administration fee equal to .....% of Members' Contributions received from time to time. / or Rx per member per month in respect of contributions received from time to time.

All goods and Services provided by the Administrator to XXXMedical Scheme in terms of this agreement are deemed to be exclusive of value added tax and such value added tax, at the applicable rate, shall be added to such charge or fee and shall be payable by XXXMedical Scheme."

### **Direct expenditure**

An explicit statement of which costs shall be borne by each contractual party should be made. Particularly, fees payable under the Act, audit fees, bank charges, legal costs for proceedings for recovery of monies due to the scheme undertaken by the administrator, interest on authorised borrowed funds etc. (state expenses that make up the cost of administration).

## **8 Fidelity Guarantee Insurance**

Procurement of fidelity insurance for monies belonging to the scheme and excess costs borne by administrator.

## **9 Indemnity**

Indemnity arrangements amongst the administrator, the scheme and the Board of Trustees against losses which might be incurred due to the administrator's negligence and or breach of agreement.

## **10 Ownership, Retention of documents & Confidentiality**

Deals with procurement of minute books etc. to be kept by administrator in original form throughout continuance of agreement & accessible to scheme at all times at no additional cost; delivery to scheme or new administrator upon termination of agreement; recorded that all registers, minute books, records and all other data pertaining to the scheme shall at all times remain the property of the scheme. Scheme to undertake not to divulge, except by law, any information relating to administrator's methods of administration, computer programmes, contracts or other confidential information in its possession re implementation of the agreement. To provide for continued safety by administrator of records, assets etc. held in custody on behalf of the scheme and marking thereof including register to identify ownership thereof.

An undertaking should be made by the contracted parties on how during and after the expiration of their agreement, information which is deemed confidential, either stated or by its nature, is intended to be dealt with.

### **Example:**

"The parties acknowledge that all material and information relating to the affairs of the scheme which has or will come into its possession or knowledge in connection and/or pursuant to this agreement or the performance thereof consists of confidential data. The parties agree that such confidential data is a valuable, unique and special asset proprietary to XXXMedical Scheme. The parties acknowledge and agree that the disclosure of the confidential data to any unrelated third party, except in the performance by the Administrator of its duties or functions in terms of this agreement and the Act or when called upon to do so as a witness before any Court of Law, shall be unlawful and in breach of the stipulations of the Act. The parties therefore acknowledge and agree that:

- this confidentiality clause shall be binding upon the parties, all persons employed by them including but not being limited to, professional advisors, agents, consultants, employees and staff and the parties undertake to procure that such parties are made aware of the confidential nature of the confidential data;

- to hold the confidential data in the strictest confidence and to this purpose the Board and the directors/owners of the Administrator shall sign a Confidentiality Agreement acceptable to the parties;
- not to make use of the confidential data other than for the performance of the obligations in terms of this agreement and the Act;
- to release the confidential data only to those persons who are required to know same and not to release or disclose the confidential data to any other party other than contemplated in the Act and in this agreement;
- to return the confidential data to XXX upon the termination of this agreement;
- the obligations of this clause shall survive the termination of this agreement.

Notwithstanding the above, the restrictions on the use and disclosure of the confidential data shall, subject to the provisions of the Act, not apply to any of the confidential data which:

- at the date of its disclosure is in the public domain or which subsequently enters the public domain other than through unauthorized disclosure;
- was lawfully in the possession of the Administrator and not subject to any restraint as to its confidentiality prior to the time of its disclosure;
- was received by the parties from a third party which is lawfully in possession of such confidential data and is not in breach of any confidential relationship with either of the parties;
- is required to be disclosed by any party by applicable law, regulation or Court Order.

Upon termination of this agreement for any reason whatsoever, all the confidential data in the possession of or under the control of the Administrator shall be returned to XXX within the prescribed period."

**11 Right of access**

State access arrangements by scheme members to documents under the administrator's control, subject to appropriate confidentiality considerations.

**12 Restraint**

Deals with arrangements concerning the possible solicitation of the administrator's personnel

**13 Breach of contract**

State remedies available for each party.

Penalties:

**14 Arbitration**

Mechanism for their resolution and arbitration procedures

**15 Notices & domicilia**

**ANNEXURE A****SERVICES TO BE SUPPLIED BY THE ADMINISTRATOR**

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| <p>1 Secretarial services</p> <p>1.2 – 1.7 to the extent provided for in contract</p> | <p>1.1 Employ adequately trained personnel who will be responsible for administration of scheme</p> <p>1.2 Convene and attend to all scheme meetings</p> <p>1.3 Prepare agendas, arrange and attend meetings of the Board and Committees where required to do so</p> <p>1.4 Provide input as appropriate at meetings</p> <p>1.5 Record keeping, minute keeping, action and follow up decisions where required</p> <p>1.6 Prepare &amp; produce communication to members &amp; employers (contents to be specified by Scheme).</p> <p>1.7 Keep schedule of policy resolutions</p>  |
| <p>2 Statutory services</p>   | <p>2.1 Provide the Board with ongoing information regarding matters which may have an impact on the affairs of the Scheme, which include:</p> <ul style="list-style-type: none"> <li>➤ Prospective changes to legislation</li> <li>➤ Changes to any legislation</li> <li>➤ Details of any requirements of the Council for Medical Schemes and/or the Registrar of Medical Schemes</li> <li>➤ Ensure distribution of circular letters</li> <li>➤ Developments within the marketplace.</li> </ul> <p>2.2 Report to the Board any unusual claims and prepare complete documentation for the consideration of the Board for any requests for additional or Ex <i>Gratia</i> assistance from members.</p> <p>2.3 Take steps to identify and report on unusual claims and alleged cases of fraud (attempted or otherwise) for appropriate action by the Board.</p> <p>2.4 Books of account</p> <ul style="list-style-type: none"> <li>• establish &amp; maintain books of account &amp; records necessary</li> <li>• receive and process applications for membership in accordance with rules</li> <li>• issue membership cards with relevant scheme information &amp; member handbook</li> <li>• process withdrawals from membership &amp; record reasons</li> </ul> <p>2.5 Benefit management, Claims &amp; rule compliance</p> <ul style="list-style-type: none"> <li>• Advise the Board timeously of any changes in tariffs or pricing</li> </ul> |



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|  | <p>which will affect the Scheme. As a consequence of these changes, the Administrator will prepare budgets, based on the Scheme's own claim and demographic experience for consideration of the Board.</p> <ul style="list-style-type: none"> <li>• provide the Board with data and demographic and age analyses of members and dependants, their claims and such other information as would be necessary to evaluate and compare the performance of the various members and employers of the Scheme.</li> <li>• respond promptly and properly to all telephone and written enquiries from members and providers.</li> <li>• receive and process applications for membership in respect of applicants and their dependants.</li> <li>• provide members with Member Packs containing at least, membership cards and a Summary of Rules and Benefits pertaining to the Scheme.</li> <li>• receive all claims from members and providers.</li> <li>• pay and/or otherwise deal with all such claims received.</li> <li>• produce Claim Advices advising members and providers of the outcome of all claims presented to the Scheme.</li> <li>• prepare and produce communications for despatch to members, employers and consultants advising of changes to benefits and contributions as well as such other pertinent information as should be communicated to them from time to time.</li> <li>• provide the Scheme with sufficient information to allow them to conduct independent member and/or provider satisfaction surveys.</li> <li>• ensure adequate communication of benefits and contributions to members and participating employers.</li> <li>• receive, assess &amp; pay from funds standing to the credit of scheme, claims of members and their registered dependants within time limits described in Act and in accordance with rules of the scheme</li> <li>• otherwise, deal with all such claims received which are unacceptable for payment</li> <li>• produce claim advices to members and providers stating outcome of all claims</li> <li>• prepare and despatch cheques and/or electronic payments and reconciliation's of claims to the service providers concerned in accordance with the agreed payment cycle</li> <li>• manage payment of contracted fees to providers where applicable</li> </ul> |
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| 3 Accounting/<br>financial           | <p>3.1 Assign account/fund manager</p> <p>3.2 Prepare budgets based on tariffs, claims &amp; demographic experience</p> <p>3.3 prepare contribution statements per employer or individual members</p> <p>3.4 reconcile all contribution payments received</p> <p>3.5 prepare schedules of amounts owing by members and providers</p> <p>3.6 collect outstanding contributions, member portions and trade debtors</p> <p>3.7 notify principal officer regularly of difficulties experienced with contribution collection process &amp; significant outstanding amounts (member/group/employer/providers)</p> <p>3.8 prepare debtor schedules in respect of amounts owing by members &amp; providers together with age analyses of such outstanding debtors</p> <p>3.9 provide financial and performance reports for all aspects of the various options including billing and enrolment, claim processing &amp; payment, savings accounts and where applicable, medical management and managed care</p> <p>3.10 liaise with and co-ordinate the activities of the Scheme's external auditors and audit committee as and when required</p> <p>3.11 invest and administer the reserves of the scheme in accordance with the authorisations of the scheme, the agreements between the Scheme and the Portfolio Manager concerned, and subject to the policy set out by the Board of Trustees from time to time;</p> <p>3.12 prepare annual financial statements, management accounts and statutory returns;</p>   |
| 4 Technology and<br>Infra- structure | <p>Administrator to employ sufficient suitably qualified and trained staff to provide the services</p> <p>Provide infrastructure, information technology and systems to effect obligations covering:</p> <ul style="list-style-type: none"> <li>• secured access to customised website (if applicable)</li> <li>• maintenance &amp; updating tariffs &amp; benefits master files, preferred provider networks</li> <li>• telephone services (Toll Free, enquiries, complaints)</li> <li>• identify and deal with cases of abuse of benefit and fraud (attempted or otherwise) and report these to the Board; statistical reports as agreed</li> <li>• a Call Centre enquiry service for members and service providers</li> <li>• capturing and image of and indexing all claims, correspondence and documents relating to any matters of the Scheme for archival purposes and deal with matters arising therefrom</li> <li>• validating all claims processed to ensure that duplicate and inappropriate payments are detected and minimised</li> <li>• reporting: <ul style="list-style-type: none"> <li>○ financial position of the scheme on monthly basis supported by standard management accounts (income statement by option and consolidated)</li> <li>○ age analysis of claims paid</li> <li>○ reconciliation report: debtor member accounts</li> <li>○ reconciliation report: debtor provider accounts</li> <li>○ age analysis of arrear contributions</li> <li>○ age analysis of outstanding debtors</li> <li>○ reconciliation report: admin fees</li> <li>○ analysis of provider claims reversed</li> </ul> </li> </ul> |

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|  | <p><u>MANAGED CARE INITIATIVES BEING PROVIDED FOR IN RULES</u></p> <ul style="list-style-type: none"> <li>○ concurrent and retrospective reviews of member and provider utilisation</li> <li>○ performance of participating &amp; non-participating managed care providers</li> <li>○ case management reports</li> <li>○ penetration of provider networks</li> <li>○ statistical analysis of authorisations performed</li> <li>○ ad-hoc managed care reports as need arises</li> <li>○ Schedule of investments and performance (monthly/quarterly)</li> </ul> <ul style="list-style-type: none"> <li>• clauses covering: <ul style="list-style-type: none"> <li>○ cession and cessation/termination;</li> <li>○ amendment of agreement (in writing &amp; signed by both parties; copy forwarded to Registrar's office)</li> <li>○ termination of agreement manner of dealing with claims run off.</li> </ul> </li> <li>• dissolution or amalgamation of scheme: <ul style="list-style-type: none"> <li>○ administrator to perform duties during wind down period</li> <li>○ finalise closing audit at all times.</li> </ul> </li> <li>• Co-administration arrangements: There must be a provision for sub-contracting in the admin agreement.\</li> <li>• Transfer of rights and duties</li> </ul> |
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## ANNEXURE B

### SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS

| FUNCTION | STANDARD   | PENALTIES FOR NON-COMPLIANCE  |
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| 1        | <p>Completion and submission of statutory returns required in terms of the Act, if administrator is contractually responsible.</p> <p>By the 30<sup>th</sup> April of each and every year.</p> <p>Compliance with SAICA guidelines.</p>  | THE PENALTIES IMPOSED MAY VARY FROM SCHEME TO SCHEME AND ARE DETERMINED BY THE CONTRACTING PARTIES. |
| 2        | <p>Amendment of Rules as required by legislation or as a result of decisions taken by the Board of Trustees.</p> <p>Lodging at office of Registrar within 30 days from the date of resolution, the rule changes should be lodged with the office of the Registrar of Medical Schemes.</p>                                    |   |
| 3        | <p>a) Registration of members/dependants.</p> <p>b) Edit and adapt membership details as advised by member/employer</p> <p>c) Preparing and despatching of membership cards.....</p> <p>..</p> <p>10 Working days from the date of receipt of all complete information required.</p> <p>5 Working days from registration</p> |   |

**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS****PENALTIES FOR NON-COMPLIANCE****FUNCTION****STANDARD****PENALTIES FOR NON-COMPLIANCE**

100% of all notifications to be

accepted into the computer system

within 1 day of receipt.

4

To provide all employer groups with contribution schedules/billings/invoices in such form as may be determined by the scheme/ reasonably required by the Employer Group concerned (including refund and arrears lists) on a monthly basis.

By the 21<sup>st</sup> of each and every month preceding the month in which contributions are due, or as agreed to with particular employer and subject to receipt by the Administrator of requisite data from the employer. Where development work is required as a result of a request by an employer group, the service standard will not be applicable.

**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS****PENALTIES FOR NON-COMPLIANCE****FUNCTION****STANDARD**

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| 5 | <p>a) Reconcile all Member contributions billed at individual level with subscriptions received</p> <p>b) advise employer/individual of discrepancies.</p> <p>c) Correct membership data flowing from foregoing</p> <p>d) Follow up non-payments from members or employers</p> | <p>By the end of the month following the month to which the contributions apply. The standard does not apply in the event that the remittance advice from the employer does not agree to payment received provided that such circumstances are reported to the Scheme monthly and that the Administrator has taken reasonable steps to resolve the discrepancy.</p> |
| 6 | <p>To despatch letters to members in respect of their dependants requesting proof of dependency.</p>   | <p>Suspension of membership / withholding of claims payment In terms of rules</p> <p>In terms of the Rules.</p>   |

**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS****PENALTIES FOR NON-COMPLIANCE****FUNCTION****STANDARD**

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| 7   | The suspension and subsequent termination of Member's benefits when circumstances demand and in terms of the Rules.  | Within 2 days of when the Rule becomes effective or where there is doubt and approval is sought from the Scheme, within 2 days of approval being granted by the Scheme.   |
| 8.1 | <ul style="list-style-type: none"> <li>a) Assessing of claims including processing to the point of readiness for payment</li> <li>b) Refund / payment to members in respect of benefits</li> <li>c) Settlement of service provider claims</li> </ul> | <p>80% of claims processed within 15 working days of receipt and 100% within 20 working days for each month provided that the periods concerned shall be extended by the number of Days during which the Administrator is prevented from carrying out the relevant function by circumstances both beyond its control and not having been caused by any act or</p> |



**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS**

| <b>FUNCTION</b> | <b>STANDARD</b> | <b>PENALTIES FOR NON-COMPLIANCE</b> |
|-----------------|-----------------|-------------------------------------|
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negligence to the Administrator.

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| 8.2 | Refund / payment to Members in respect of benefits and settlement of provider claims | At least once per month or more frequently by arrangement. |
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| 9 | Inform Members of a benefit granted and service providers of payments made by means of a transaction statement. | Despatching of statements to be completed no more than 3 Days after each run referred to in paragraph 8. In the case of "overflows" (where Members are to receive cheques and doctors are to receive statements exceeding one page in length) 4 Days is allowed. |
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| 10 | Call centre enquiry/information service. | a) Lost calls not to exceed 10% per month. |
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| <b>FUNCTION</b> | <b>STANDARD</b> | <b>PENALTIES FOR NON-COMPLIANCE</b> |
|-----------------|-----------------|-------------------------------------|
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b) Average call waiting time not to exceed 60/90 seconds, measured over a month.

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| 11 | To report on Call Centre Service levels. | Monthly within 5 Days of the end of each month. |
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| 12 | Resolution of any telephonic enquiries from Members or providers. | Immediately if the information requested is readily available; and if the information is not readily available, within 3 Days after the enquiry was received, unless clearly not possible and member has been advised accordingly. |
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| 13 | Resolution of written enquiries from members and providers | 90% within 20 working days of receipt where available information makes this possible. Where the |
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**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS**

| <b>FUNCTION</b> | <b>STANDARD</b> | <b>PENALTIES FOR NON-COMPLIANCE</b> |
|-----------------|-----------------|-------------------------------------|
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response is likely to take longer, an acknowledgement is to be sent to the member or provider within the 20 day period.

Six weeks after the end of the month concerned in respect of the draft statements and the final statements within 5 Days after adjustments, if any, have been notified to the Administrator

14 The preparation and distribution of draft and final monthly financial statements and management accounts by option and consolidated inclusive of detailed reports on debtor schedules in respect of amounts owing by providers, employers/members together with age analyses of such outstanding debtors and such other reports in respect of functions referred to in admin agreement listed here.

15 To pay cash and all cheques received into bank account of Scheme. Within one working day.

16 To deposit for investment, moneys which are available and which, in the opinion of the Within one working day.

**ANNEXURE B****SERVICE LEVELS FOR COMPLIANCE BY ADMINISTRATORS****PENALTIES FOR NON-COMPLIANCE****FUNCTION****STANDARD**

Administrator, are not immediately required by the scheme, in accordance with the mandate and / or instructions from the Scheme and subject to the policy of the Board.

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| 17 | Reconcile all bank accounts of the Scheme and take necessary steps to clear outstanding items.        | By the end of the following month.   |
| 18 | Provide members of the Board of Trustees and Committees with agendas and papers.                      | To reach appropriate Board or Committee members at least 5 Days before the Board or Committee meeting, except in the case of special meetings when short notice is given of such meetings. |
| 19 | Provide the Principal Officer of the Scheme with Minutes of Board of Trustees, and Committee meetings | Draft within 6 days after the meeting.<br>Final minutes within 3 days after final comments by attendees.   |

- 20 To perform the initial drafting, final editing, formatting, printing and distribution of circulars. To be despatched not later than 10 Days after receipt of the final version from the Scheme. It shall be construed to be the final version once it has been signed off by the Principal Officer or his designate.
- 21 Circulate AGM notice, agenda, Trustee's Annual report, together with abridged financial statements or as otherwise agreed, to all Members To be despatched in terms of rules.
- 22 Chronic Medication Programme pre-authorisations Within 15 working days of receipt of application